CIG Irrigation Solutions with Management & Agricultural Support Services to the Premium Cigar Tobacco Growers Market in Nicaragua and Latin America

Presentation for Mr. Ehud Barak

April, 2015

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CIG - Video

CIG Irrigation Solutions Pilot at Esteli, Nicaragua with the Oliva Tobacco Company.

https://www.youtube.com/watch?v=f-M33U9sG3A&feature=youtu.be

Overview

CIG has introduced irrigation and fertigation solutions serving the market of Cigar Tobacco Growers and Manufacturers.

Identified an untapped irrigation market of Premium Cigar Tobacco growers in Latin America with sales opportunity of over $200M.

Seeking **$4M investment** to build marketing, sales and support organization and penetrate the **Latin American cigar tobacco market** using Nicaragua as the strategic focal point.

Create a platform for penetration of additional Central American markets

Leaders of the cigar tobacco growers and manufacturers in Nicaragua

Position in the Premium Cigar Tobacco Market

- CIG has a unique relationship with the Oliva Family and other leaders of the global premium cigar tobacco market.
- CIG is running a successful irrigation and fertigation pilot at Oliva Tobacco Company in Nicaragua, one of the top global organizations and a market leader since 1934.
  Positive pilot results are in contrast to previous companies' attempts to enter this market which universally failed.
- CIG has developed a unique position in the market to facilitate implementation of advanced fertigation methods and other agricultural practices.

CIG Latin America premium cigar tobacco Market

The premium cigar tobacco market is approximately 240,000 hectares including: Nicaragua, Ecuador, Dominican Republic, Honduras, Costa Rica, Panama, Mexico, Brazil, Colombia, Peru and Cuba.
The global sales of premium cigars amounts to $12.5 B .

The initial CIG target of multinational growers is in the main markets of Central America:

- Nicaragua - 10,100 hectare
- Ecuador - 5,050 hectare
- Dominican Republic -14,150 hectare
- Honduras - 5,050 hectare

CIG aims to install irrigation systems on 21,000 hectares in the first years of activity.

Oliva & CIG Pilot at Esteli Nicaragua

The Oliva Tobacco Company is implementing the CIG solution at their central facility in Esteli, Nicaragua.

Comparison between the traditional method of flood irrigation (furrows) used today and the CIG drip irrigation solutions shows significant benefits in profitability and environmental impact:

- Reduction of direct and indirect operating growing costs by 25% - 40%
- Increased yield, quality and selling price of the premium tobacco leaves by 15% - 25%
- Profitability increase to the cigar grower of 20% - 35%
- Water use reduction of up to 75% due to increasing irrigation and fertilization efficiency to 95%.
  - Present water consumption of tobacco crop amounts to 11K m^3/hectare/season (11 Million liters /hectare).
- Once new regulations regarding the supply of water and water fees will be implemented, the CIG solution will be a MUST for every grower to minimize the impact on customer profitability.

CIG Tobacco Market Roadmap

Phase 1 – Market Development **2011 to present**

Planning, implementation and management of the pilot with Oliva Tobacco Company in Latin America, Nicaragua and initial meetings with the government of Nicaragua .

Phase 2 – CIG & Oliva Pilot **Nov 2014 - March 2015**

Phase 3 – Sales and Market development **April 2015 - April 2016**

Obtain $4M funding to start penetration of the premium cigar market (June 2015)
At least 3 pilots in each of Nicaragua, Ecuador, Dominican Republic and Honduras

Phase 4 – Expansion
May 2016 – Dec. 2017

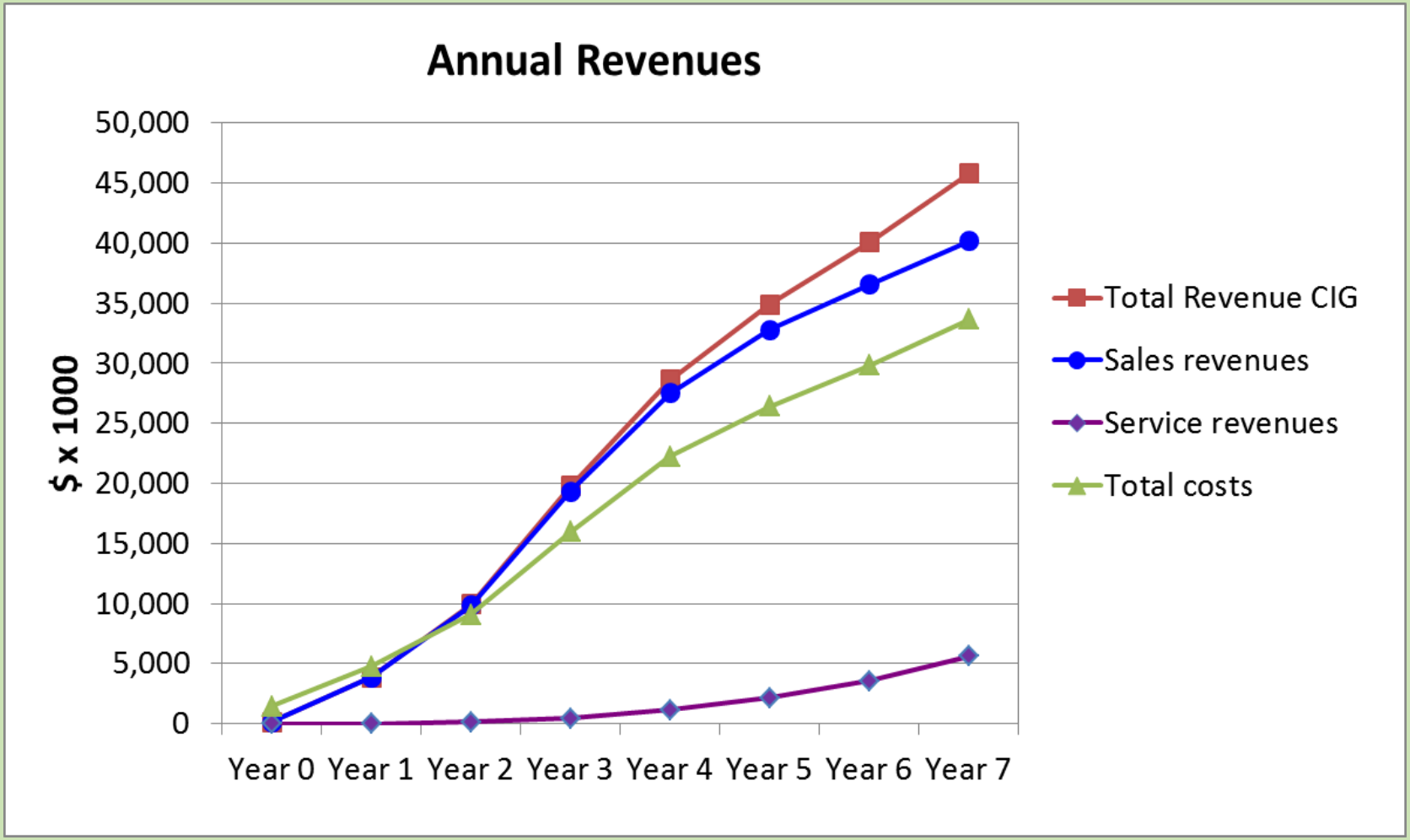
Expanding into additional Latin American markets with regional sales offices

In parallel, CIG will assess the feasibility of entering additional markets wit water supply infrastructure, purification and sewage treatment markets.

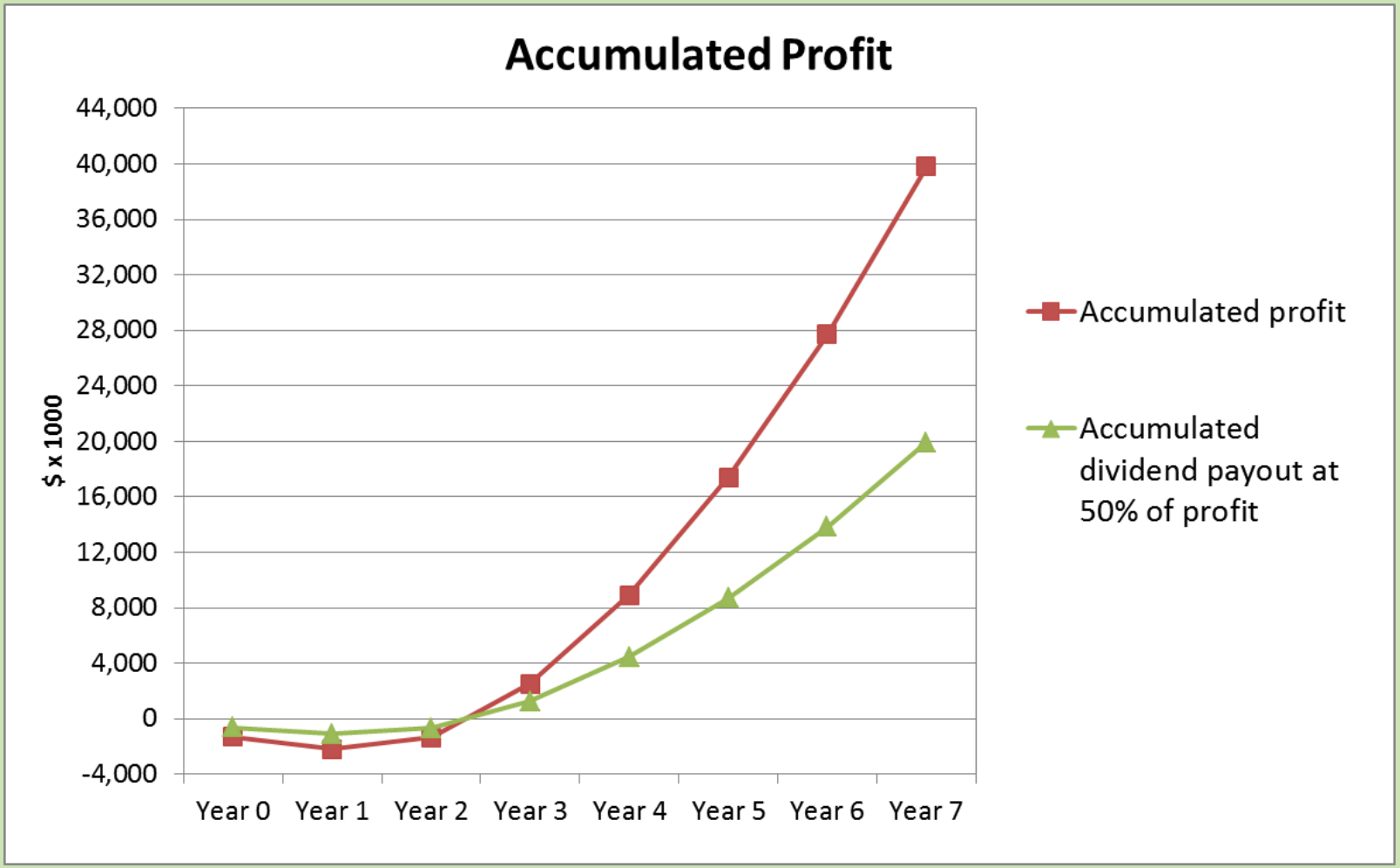
Tobacco Market Sales Plan

	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
New Hectares	20	550	1400	2800	4040	4880	5520	6160
Accumulated Hectares	20	570	1970	4770	8810	13690	19210	25370
% of total initial market	0%	0.2%	1%	2%	4%	6%	8%	11%
Number of customers	1	9	21	40	54	63	71	79
Revenue $M	0.1	3.9	9.9	19.8	28.6	34.9	40.1	45.8

Tobacco Market Revenues



Tobacco Market: Potential Return on Investment



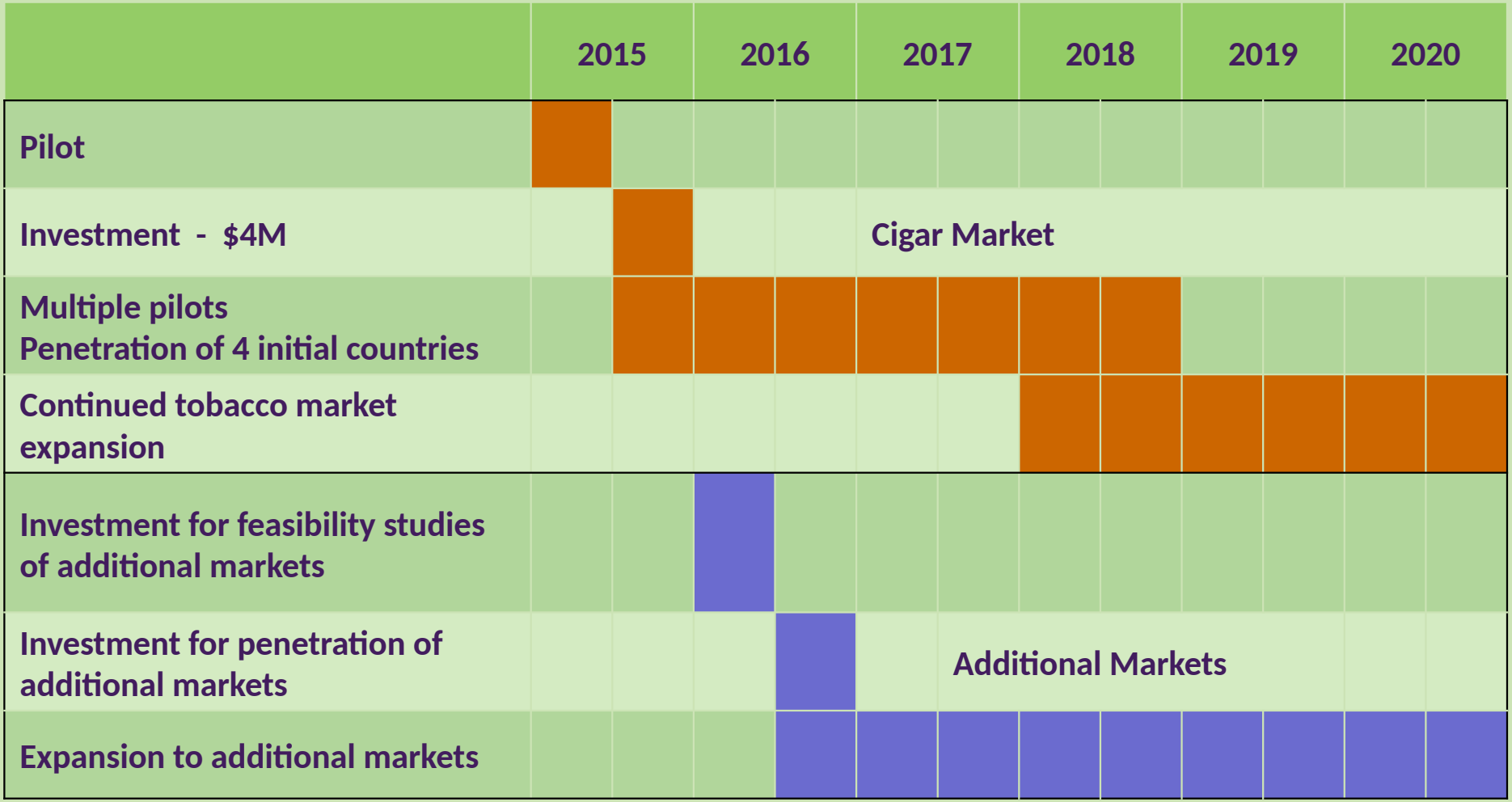
Expanding into additional fields

CIG will perform market assessment and feasibility studies towards entering additional markets, likely starting with the water supply market.

For example, the water infrastructure is very underdeveloped in Nicaragua, including needs for water supply infrastructure, purification and sewage treatment .

- A large part of the population does not have domestic water supply
- Large areas are available for agricultural usage but require extensive water supply infrastructure and conservation.
  - Example: there are 742,000 hectares of land suitable for irrigation in León-Chinandega plain, but less than 20% of the water required to utilize this area is available.

CIG Business Model



Summary

- CIG can penetrate the untapped irrigation market of Premium Cigar Tobacco growers with sales opportunity of over $200M, with low risk and short Time To Market.
- CIG will create a platform in a market with potentially rapid growth (i.e. Nicaragua Canal) and initiate penetration of additional Latin American markets